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Message Text

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43
ACTION EUR-25

INFO OCT-01 EA-11 NEA-11 IO-14 ISO-00 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

FEA-02 SCI-06 SS-20 NSC-10 L-03 H-03 CEQ-02 EPA-04

HEW-08 STR-08 INT-08 AGR-20 XMB-07 DRC-01 EURE-00

/235 W

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P R 241115Z JAN 74
FM USMISSION OECD PARIS
TO SECSTATE WASHDC PRIORITY 1649
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY HELSINKI
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS UNN
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON
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USMISSION EC BRUSSELS UNN

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DEPT PASS CEA, CIEP, TREAS, FRB, FEO AND STATE FOR T/IEP

E.O. 11652: N/A
TAGS: ECON, ENRG
SUBJECT: REVISED OECD SHORT-TERM FORECASTS

REF: (A) USOECD 1235
(B) USOECD 1530

1. FOLLOWING IS SUMMARY OECD SECRETARIAT'S ESTIMATE DEMAND OUTLOOK FOR MAJOR SEVEN OECD COUNTRIES FOR 1974, WITH ESTIMATES AND FORECASTS REAL GNP TABULATED.

2. GENERAL DEMAND OUTLOOK IS WEAK, REFLECTING RESTRICTIVE DEMAND MANAGMENT POLICIES IN EFFECT FOR SOME TIME. GERMANY, WHERE WUTPUT SEEMS HAVE BEEN STAGNANT OR FALLING SECOND HALF 1973, IS ONE OF FEW COUNTRIES WHICH HAS RELAXED DEMAND RESTRAINTS. IN ADDITION WEAK DEMAND OUTLOOK, THERE IS DEFLATIONARY REAL INCOME EFFECT HIGHER OIL PRICES AND SHOCK EFFECT OIL CRISIS ON DEMAND, NOTABLY PURCHASE OF AUTOMOBILES. ON OTHER HAND, INVESTMENT IN CERTAIN AREAS LIKELY BE STIMULATED BY NEW OIL SITUATION, BUT IT WILL TAKE TIME FOR NEW PROJECTS GET STARTED.

3. FOLLOWING ESTIMATES REAL GNP ASSUME OIL SUPPLIES WILL NOT BE CONSTRAINT ON OUTPUT (EXCEPT FOR JAPAN) AND EXISTIONG POLICIES WILL BE MAINTAINED. SHOULD BE STRESSED MARGIN OF ERROR ATTACHED TO ANY FORECAST AT PRESENT IS VERY GREAT. HALF-YEAR PATTERN IS PARTICULARLY UNCERTAIN. PICTURE PRESENTED IN TABLE IS ONE OF WEAKNESS FIRST HALF 1974 FOLLOWED BY SOME PICKUP IN SECOND HALF, AND IS IN LINE WITH GENERAL FEELING AT RECENT SHORT-TERM FORECASTERS MEETINGS.

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4. REAL GNP (A)
ANNUAL RATES: PERCENT CHANGES FROM PRECEDING PERIOD

	1973	1974	1973	1974
			II	I
U.S.	5.9	1.9	2.6	-0.5
CANADA	7.0	4.25	4.5	4.0

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JAPAN
10.4 1.75 3.3 - -0.5 5.5
GERMANY
5.5 0.75 -1.2 1.0 2.25
FRANCE (C)
6.2 4.25 5.5 4.0 3.25
U.K.
6.4 0.0 1.5 -9.5 10
ITALY
5.0 5.0 10.0(D) 3.75 4

BIG 7(E)
6.9 1.5 2.75 0.0 3.5
BIG 7, ESCLUDING U.K. (E)
6.9 1.75 3.0 0.5 3.0

(A) PERCENTAGE CHANGES: SEASONALLY ADJUSTED AT ANNUAL RATES. ESTIMATES AND FORECASTS.
(B) SINCE THE FORECASTING ROUND IS CONTINUING, THESE FIGURES ARE PRELIMINARY AND MAY BE CHANGED.
(C) GDP.
(D) INFLUENCED BY STRIKES IN THE FIRST FOUR MONTHS OF 1973.
(E) 1973 WEIGHTS AND EXCHANGE RATES.

5. SECRETARIAT (ANDERSEN) HAS ADVISED MISSION THAT BARRING THE UNFORSEEABLE, GNP FIGURES IN FOREGOING TABLE ARE ONES THAT WILL BE USED IN EPC DOCUMENTATION.

6. COPIES SECRETARIAT'S REVISED FORECASTS MAJOR SEVEN OECD COUNTRIES AND PRELIMINARY COUNTRY NOTES (INCLUDES BREAKDOWN MAJOR DEMAND COMPONENTS) BEING AIRPOUCHED WASHINGTON PARTICIPANTS SHORT-TERM FORECASTERS MEETING AND EUR/RPE (KINNELLY). BROWN
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